

Successful internet banking has been in singapore

[Business](#), [Marketing](#)



This paper seeks to look at how successful Internet banking has been in Singapore. At the same time, it will also explore the reasons for it being a success. The analysis would include; the explanation of the advantages of using the Internet as a distribution channel for banking, the benefits of Internet Banking, the factors that might have affected the usage of Internet Banking in Singapore, the possibility that Internet Banking would replace bank branches and finally, a citation of a local firm as an example.

Banking has always been a highly information intensive activity that relies heavily on information (IT) to acquire, process, and deliver the information to all relevant users. Not only is IT critical in the processing of information, it provides a way for the banks to differentiate their products and services. Banks find that they have to constantly innovate and update to retain their demanding and discerning customers and to provide convenient, reliable, and expedient services.

Over the past several decades, financial institutions have sought ways to reduce branch operations costs through the use of new service delivery options such as telephone banking and automated teller machines (ATMs). As the Internet has become a new major communication medium, the banking sector is perfectly aware of this phenomenon and begins to take advantage of its enormous potential. Thus, an increasing number of banks aim to develop Internet solutions for various bank transactions.

Just a couple of years ago, Internet banking was touted as the 'next big thing'. E-banking was supposedly going to propel the retail-banking scene onto the next level. As markets across the region were forced to open up and

competition intensified, local brick-and-mortar banks feared for their future if they did not jump on the e-banking bandwagon and offer products and services over the Internet. Today, all three local banks have established a strong online presence.

A recent survey by US Investment advisory service Financial Insights and IT research firm IDC found out that one in four Singaporeans uses Internet Banking. What started out as more of a defensive strategy to combat the threat of foreign competitors is transforming into the formation and extension of a complementary banking channel that has distinctive advantages for both customers and banks. Has this strategy really worked? Our paper will strive to provide some answers to this question.

This paper will also attempt to explain the use of the Internet as a distribution channel and the benefits of Internet banking for various stakeholders. Subsequently, the paper will evaluate the factors affecting the usage of Internet banking in Singapore and finally, address the question of whether the Internet can replace the "brick and mortar" branch in terms of distribution of bank products and services. This paper has defined Internet banking as the use of the Internet as a remote delivery channel for banking services.

Such services include traditional ones, such as opening a deposit account or transferring funds among different accounts, and new banking services, such as electronic bill presentment and payment, allowing customers to receive and pay bills via a bank's Web site¹. The Internet has grown by leaps and bounds since it was introduced in the 1990s. With the Internet, the world was

made smaller once again as the almost instantaneous transfer of information made miracles occur in seconds.

Not surprisingly, banks have jumped upon this bandwagon and rode onto the crest and better positioned themselves for the challenges of the new millennium. Actually, the Internet is not a new form of banking. Banking has always been about the asset transformation with credit. Therefore, the Internet is only a new distribution channel for bankers to get funds or market their products. Banks offer Internet Banking in two main ways. An existing bank with physical offices can establish a Web site and offer Internet banking to its customers in addition to its traditional delivery channels.

Banks in Singapore had chosen this route by providing Internet banking as another delivery channels for its customers. A second alternative is to establish a " virtual," " branchless," or " Internet-only" bank. The computer server that lies at the heart of a virtual bank may be housed in an office that serves as the legal address of such a bank, or at some other location. Virtual banks may offer their customers the ability to make deposits and withdraw funds via automated teller machines (ATMs) or other remote delivery channels owned by other institutions.

However, in Singapore, the closest we have to a virtual bank was " finatiQ2" which we would discuss later in the paper. This is in terms of the cost of delivering various banking products and services. Media ads do not come cheap. Thus the cost of running a television commercial or newspaper ad will add to the cost of delivering various banking products. With the Internet, all it takes is a graphics designer and a web server and the advertising can be

<https://assignbuster.com/successful-internet-banking-has-been-in-singapore/>

on the web page for as long as the banks want. There will be no repeat cost to run another campaign and thus it is more cost effective.

Also, there will be no extra cost such as running the commercial on prime time slots or printing the ads on the first or last pages of magazines. The ad will be on the website 24-7 and the added benefit is that customers will be able to view them as their own preferred times. In terms of delivering various services, there will also be cost reductions as the banks will be able to offer most of the services online and thus will not have to allocate too much manpower to it, eventually, it will lead to savings on labor and leases for space.